

# UAC INSURANCE MUTUAL

## *Board of Trustees Meeting*

Thursday, May 17, 2001, 9:30 a.m.  
Utah Association of Counties Board Room

A G E N D A

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9:30	Call to Order	Dan McConkie
	Review of Board Members Absent	Dan McConkie
	Approval of March 29 Minutes	Dan McConkie
	Broker Request for Qualifications Presentations	
	1. Arthur J. Gallagher & Company (9:45a)	
	2. Fred A. Morton & Company (10:30a)	
	3. Robert F. Driver Company (11:15a)	
12:00	Lunch Break	
	Audit Committee Report	Tex Olsen
	Review of Financial Statements	Shawn Guzman
	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	
	Action on Litigation Matters	Kent Sundberg
	Set Date and Time for Closed Meeting to Discuss the Character, Professional Competence, Physical or Mental Health of an Individual	
	Other Business	
1:30	Adjourn	



## UACIM BOARD OF TRUSTEES MEETING

### MINUTES

May 17, 2001, 9:30 a.m.

Utah Association of Counties, Salt Lake City, Utah

#### BOARD MEMBERS PRESENT

Dan McConkie, *Vice President*, Davis County Commissioner  
Ken Bischoff, *Secretary-Treasurer*, Weber County Commissioner  
Kay Blackwell, Piute County Commissioner  
LaVar Cox, Millard County Commissioner  
Lynn Lemon, Cache County Executive  
Ty Lewis, San Juan County Commissioner  
Royal Norman, Box Elder County Commissioner  
Tex Olsen, Sevier County Commissioner  
Kent Sundberg, Utah County Deputy Attorney

#### BOARD MEMBERS ABSENT

Gary Herbert, *President*, Utah County Commissioner  
Ed Phillips, Millard County Sheriff

#### OTHERS PRESENT

Steve Baker, Davis County Personnel Director  
Brent Gardner, UAC Executive Director  
Shawn Guzman, UACIM Director  
Sonya White, UACIM Administrative Assistant

#### CALL to ORDER

Gary Herbert requested that Dan McConkie conduct this meeting in his absence. Dan called the meeting to order and welcomed those in attendance.

#### REVIEW of BOARD MEMBERS ABSENT

Gary Herbert is in Washington DC and requested to be excused from this meeting. Ed Phillips is out of state attending meetings and requested to be excused. Tex made a motion to excuse Gary Herbert and Ed Phillips from this meeting. Royal Norman seconded the motion, which passed unanimously.

#### APPROVAL of MINUTES

The minutes of the Board of Trustees meeting held March 29, 2001 were previously sent to the Board Members for review. Kay Blackwell made a motion to approve the March 29, 2001 meeting minutes as written. Royal Norman seconded the motion, which passed unanimously.

#### BROKER REQUEST for QUALIFICATIONS PRESENTATIONS

Arthur J. Gallagher & Company: John Chino and Rich Stokluska presented the Company's qualifications as requested by UACIM for brokerage services (see attachment 1). Gallagher has been working with UACIM since 1997. The Mutual was in critical condition with its surplus, loss fund and with the Utah State Insurance Department. John and Rich negotiated a lower attachment point that started the growth of the Mutual's surplus. Along with structural changes and enhancements to the program, Gallagher has continually strived to assist in creating a successful Mutual that members enjoy today. To assure the continued growth and success of the Mutual, Gallagher proposed a Broker Service Plan that includes the distribution of equity, coverage agreement enhancements and revisions, program for special districts, pools for workers comp and medical and taking advantage of County Reinsurance Limited (CRL) program.





Fred A. Moreton: Keri Oldroyd and his staff, Lisa Levy, Julie Sorensen, Susan Andersen, Rob Callister, Cathy Hampton and Julie Montgomery, presented the Company's qualifications as requested by UACIM for brokerage services (see attachment 2). To assure the continued growth and success of the Mutual, Moreton's proposed that by assuring an accurate exposure base, revenues received will insure the continued increase in surplus. Consult and assist the Mutual in developing a workers comp and medical coverage pool for its members, relieve Mutual staff by administering the Tenant User Liability Insurance Program and maximize the premium by retro-rating, profit sharing and the addition of specific towers of coverage.

Robert R. Driver & Associates: Gordon DesCombes and Mary Wells presented the Company's qualifications as requested by UACIM for brokerage services (see attachment 3). To assure the continued growth and success of the Mutual, Driver's proposed writing a group-purchasing program termed NPX. Established by pool members, advantages of NPX membership include significant premium reduction, dividend program and profit sharing, three-year rolling premium guarantee, three-year non-cancelable policy, higher limits, "nose" coverage included for prior claims-made forms and no sharing of risk. Driver & Associates would be committed to helping the Mutual compete by customizing coverages specific to local government members.

Shawn Guzman reviewed the breakdown of fees provided with each company's qualifications (see attachment 4). Shawn explained that because of the hard market, broker of record letters have to be issued to the carriers in order for the brokers to go to market for proposals. Therefore, he recommended that two brokers be selected to provide a proposal for services. LaVar Cox made a motion to allow Gallagher, Moreton and Driver to make a formal proposal for brokerage services. Lynn Lemon seconded the motion, which failed 7-2. Ty Lewis made a motion selecting Gallagher and Driver to make a formal proposal for brokerage services. The motion failed due to lack of a second. Kent Sundberg made a motion selecting Gallagher and Moreton to make a formal proposal for brokerage services. Kay Blackwell seconded the motion, which passed 8-1 with Ty Lewis opposed.

#### **AUDIT COMMITTEE REPORT**

Tex Olsen reported that the Audit Committee met May 16, 2001. Glen Taylor presented and reviewed his statement of actuarial opinion (see attachment 5) that reads, *In my opinion the amounts contained in the scope paragraph on account of the actuarial items previously identified: A. Meet the requirement of the insurance laws of Utah; B. Are computed in accordance with accepted loss reserving standards and principles; C. Make a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements.* Rob Enger and Geri Douglas presented and reviewed the Independent Auditors' Report on Internal Control and the Statutory Financial Statements & Independent Auditors' Report for December 2000 and 1999 (see attachments 6 and 7). The responsibility of Larson & Company is to express an opinion on the financial statements based on their audit. Larson & Company states, *In our opinion, the financial statement present fairly in all material respects, the admitted assets, liabilities and surplus of the Utah Association of Counties Insurance Mutual.* Tex Olsen made a motion accepting the actuarial opinion and audit as prepared and presented. Royal Norman seconded the motion, which passed unanimously.

#### **SET DATE and TIME for CLOSED MEETING**

Kay Blackwell made a motion to set the time and date for a closed meeting to begin at 12:50 p.m. on May 17, to discuss pending or reasonably imminent litigation. Lynn Lemon seconded the motion, which passed unanimously.

Kay Blackwell made a motion to conclude the closed meeting at 1:00 p.m. on May 17. Kent Sundberg seconded the motion, which passed unanimously.

#### **ACTION on LITIGATION MATTERS**

Kent Sundberg made a motion authorizing settlement in an amount up to \$30,000 in the matter of claim WAT01087960. Tex Olsen seconded the motion, which passed unanimously.

Kent Sundberg made a motion authorizing Michel, Hartman & Fackler, to defend the Dec actions filed by Great American Insurance Company, with the understanding that the cost to defend will be between \$50,000-\$75,000, in the matter of claim WAT9708151. Also, Shawn Guzman is directed to request that Michel, Hartman & Fackler consider defending the bad faith claim on a contingency basis. Tex Olsen seconded the motion, which passed unanimously.



### SUMMARY of FINANCIAL STATEMENTS

The Board requested that Shawn Guzman summarize the financial statements at the next meeting. Shawn announced that with the hardening market, member premiums will be increasing for 2002 and that the Board will need to be prepared to review a formula without any caps and that will not under-fund the loss fund.

### SET DATE and TIME for CLOSED MEETING

The Board had no need at this time to set the date and time for a closed meeting to discuss the character, professional competence, physical or mental health of an individual.

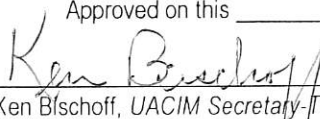
### OTHER BUSINESS

Brent Gardner presented the Board with an article from Kiplinger Letter dated April 27, 2001 announcing *steeper insurance costs for businesses rest of the year and next as insurers make up for years of cutthroat price slashing in the '90s. Double-digit hikes likely for commercial property, auto, and workers' comp. Trend will be accelerated by rising class-action suits and higher prices shelled out by insurance firms to reinsurers for their own coverage.*

Brent Gardner presented the Board with an article from the Briefings Newsletter 2001 titled 'Don't mess with my \$50' that explains the efforts of one company after pinpointing unsafe driving as a financial drain on the company (see attachment 8). Concept may be useful in the Mutual's efforts to reduce auto physical damage losses.

The next Board of Trustees meeting is scheduled for Thursday, June 21, 9:30 a.m.—tentatively to be held in Summit County in an effort to make a membership presentation.

Approved on this \_\_\_\_\_ day of \_\_\_\_\_, 2001



Ken Bischoff, UACIM Secretary-Treasurer, Weber County Commissioner



## COSTS AND FEES

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We have analyzed your account in comparison to other similar accounts and will agree to handle your account on a fee basis. The administration and placement of insurance for the property and liability coverage including the commitments of our team members, are included in the cost breakdown of fees:

Policy year 2002-2003	\$	59,100.
Policy year 2003-2004	\$	52,900.
Policy year 2004-2005	\$	54,500.

These fees are calculated on a per hour basis and using fixed costs for supplies, copies, etc. In years 2 and 3, we will spend fewer hours in reviewing coverages and marketing, resulting in lower fees.

For additional coverages (TULIP, airports etc), we will agree to accept the insurance carriers normal commission rates (and disclose those to you) or work out a mutually agreeable fee arrangement.



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*Fred A. Moreton & Company*

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## **12. Compensation**

We have many different compensation structures with our public entity clients and are willing to work with any arrangement that works for all parties. In most cases, we work on a straight commission structure where we are compensated with commissions earned on the policies we place. Typically, these commissions range from 7.5% to 14.0%, depending on the size and service requirements of the policy.

If UACIM wishes a straight fee structure, we propose an annual fee for UACIM Broker Services of \$70,000 for year one of the brokerage agreement, \$72,500 for year two of the brokerage agreement and \$75,000 for year three of the brokerage agreement. These fees are calculated based upon the teams service hours and produce time and travel. They can include time for marketing, support staff and production.

We look forward to discussing these options and finding a structure that works best for UACIM.

Driver Signature Services (DSS) charges are based on a percent of premium where the client receive a certain amount of available loss control hours.

## **13 and 14. Employee Turnover/Quality Control**

### **Employee Turnover still need**

Robert F. Driver strives to keep to provide its employees with the highest level of quality surroundings and work environment.

Our employees are provided with what we feel is a very unique and different high level compensation opportunities which allows our key personnel such as those that would be assigned to your account to have the opportunity for incentives and growth.

Our organizational structure is based on employee involvement where the employees take ownership in their job and strive for opportunities for promotions and stock options which make up for long term job satisfaction and commitment by these key personnel. . Because of our unique structure we have had very little employee turnover.





## Request For Qualifications

### **II.12 A clear statement of all costs and fees. Describe how fees are calculated, and indicate how pricing for future years would be determined. All fees and charges must be disclosed in your proposal.**

Willis proposes an annual fee of \$70,000 to provide risk management and brokering services to UACIM. Our fee will include all services mentioned in our response, but specifically will provide:

- Marketing of the program;
- Assistance to UACIM in marketing to new accounts;
- Attendance of all board meetings;
- Development and presentation of training programs for UACIM; and
- Casualty risk analysis for counties.

Willis reserves the right to increase the fee 10% on an annual basis if the scope of the work exceeds the basic contract. This increase must be discussed and agreed to by the Director in the third quarter of the contract

### **II.13 Description of the history of, and efforts to reduce, employee turnover in your company.**

We maintain an excellent level of employee turnover. The average tenure of Willis Seattle employees is over 10 years.

Willis as with many other companies began a process to reorganize our business in late 1999. This process called BPR Business Process Redesign was instituted in order to improve our methods of doing business. Several of the key areas involved establishing certificate of insurance centers vs. having the operation performed in the individual branches. Central billing which again was removed from the branch operation. While we maintained claim consultants in our branches, we have established a claim center for normal claims. In addition we established a joint marketing group for both Seattle and Portland.

All of these changes were established to improve our service to clients. These changes did result in the reduction of staff in some areas, with the realignment of staff in others.

### **II.14 Description of your company's efforts to maintain quality control over the services provided to your clients.**

We have mentioned in an earlier response how Willis will set time lines for marketing, including the scope of services and review with clients of our service by our CEO.

Willis also has in place quality assurance procedures. These procedures are used to be sure that we are meeting the representations that we have made to our clients.

Our quality procedures will review the following areas:

- Certificates of Insurance;
- Marketing timelines;
- Review of policies for accuracy;
- Transmittal of policies;
- Adherence to scope of services; and
- Coverage analysis.

These are just a few of the many items we review. In addition, as mentioned earlier, our CEO will either meet with you or conduct a telephone survey without the account executive in order to obtain your thoughts of the service.



## **COST PROPOSAL**

Arthur J. Gallagher & Co. would like to offer the following options to the Utah Association of Counties Insurance Mutual as methods of compensation for the next three-year period.

### **Flat Fee – No Annual Adjustment**

A flat fee of \$105,000 for a three-year period, payable within 30 days at the inception of the program year.

### **Flat Annual Fee with Annual Adjustment**

A flat fee of \$102,500 for the first year with a 4% increase in the second and third years. The second year fee would be \$106,600 and the third year fee would be \$110,864.

### **Base Fee With Two Incentive Provisions**

A base fee of \$95,000 and two semi-annual adjustments, based on a preestablished performance criteria, of \$7,500 each/\$15,000 total.

### **Base Fee Plus Commission**

A base fee of \$40,000 plus the average commission rate for all lines of coverage, not to exceed 10% per coverage section. All commissions shall be disclosed prior to binding coverage.









# Utah Association of Counties Insurance Mutual - UACIM

May 17, 2001







The Public Entity Division of the  
Robert F. Driver Co., Inc.





# Robert F. Driver Associates

## HISTORY AND BACKGROUND

- Established in 1925 by Robert F. Driver
- Today, one of the 20 largest brokerage firms in the United States
- Robert F. Driver Associates ( Public Entity Division) Established in 1977





# Robert F. Driver Associates

## EXPERIENCE AND BACKGROUND

- Premium of over 600 Million
- Over 400 employees
- Over 80 employees dedicated to public entities
- 8 Offices





# Robert F. Driver Associates

- Based in Newport Beach, CA
- Exclusively Public Entity & Hospitals
- 60 Employees
- Dominates Public Entity business for Pacific Coast
- Joint Purchase Program driven
- Expanding on a national basis







# Robert F. Driver Associates

## PUBLIC AGENCY EXPERIENCE

Over 5,000 Public Entity

Clients in:

- **Alaska**
- **California**
- **Illinois**
- **Ohio**
- **Montana**
- **Washington**
- **Wyoming**
- **Pennsylvania**
- **Alabama**





# Robert F. Driver Associates

## Joint Purchase Programs

- Property
- Liability
- Medical Malpractice
- Workers Compensation
- Aviation
- Boiler & Machinery
- Course of Construction
- Special Events
- Crime/Bond
- Watercraft
- Employee Benefits
- Owner Controlled Insurance Programs
- Personal Lines
- Pollution Liability
- Special Districts
- Liability/Property





# UACIM Team







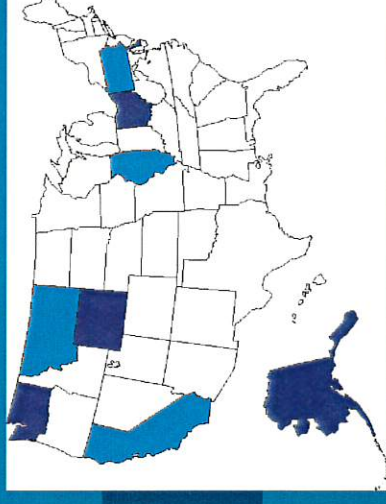
# About NPX®

- Established in 1996 by 5 pool members
- Today has 14 Members
- Property Group Purchase Program
- Liability Group Purchase Program
- Advantages through Group Purchase
  - Pricing
  - Limit and Deductible/Retention Flexibility
  - Coverage Enhancements
  - Pricing Guarantees
  - No Sharing of Risk





# NPX<sup>®</sup> Members



- WCIA - Washington
- WSRMP - Washington
- WSTIP - Washington
- WGEP - Washington
- WARM - Wyoming
- AML/JIA - Alaska
- DVIT - Pennsylvania
- CSAC/EIA - California
- CFSA - California
- PDRMA - Illinois
- IRMA - Illinois
- MVRMA - Montana
- MVRMA - Ohio
- OTIP - Ohio





# National Public Entity Excess Program

- First independent national excess insurance program for public agencies
- Implemented under the Federal Risk Retention Act as a purchasing group. Domiciled in California
- Long-term goal to create a national risk sharing program for public agencies
- Qualified selected participants





# National Public Entity Excess Program

- Insurer: American Protection Insurance Company A, XV Best Guide Rating
- Reinsurance support is provided by American Re A++, XV Best Guide Rating
- Broker Services: Robert F. Driver Company, Newport Beach, California, Public Entity Specialists





# National Public Entity Excess Program

Advantages of NPX Membership include:

- Significant premium reduction
- Dividend program and profit sharing
- 3 year Rolling Premium guarantee
- 3 year Non-cancelable policy
- Higher limits available
- ‘Nose’ coverage included for prior claims-made forms





# National Public Entity Excess Program

Program features include:

- Flexible terms, retentions, limits
- Participants control claims decisions
- Reinsurance of pool form or broad manuscript excess form with a “Broad as Primary” endorsement
- Pools having AGRIP Advisory Standards Recognition or CAJPA Accreditation automatically qualify for participation - others must submit information to qualify





# National Public Entity Excess Program

## Coverage highlights:

- Bodily Injury
- Personal Injury
- Property Damage
- Automobile Liability
- Employment Practices Liability
- Contractual Liability
- Employee Benefit Liability
- Public Officials Errors & Omissions
- Police Professional Liability
- Sudden & Accidental Pollution Liability





# National Public Entity Excess Program

## Limits of Liability

- From \$5,000,000 to \$25,000,000 per occurrence, at participant's option
- Annual Aggregates apply only to Products/Completed Operations and Public Official's Errors and Omissions.
- Annual Aggregates apply separately to each member of each participating pool





# National Public Entity Excess Program

## Program features:

- Retentions start at \$100,000 (lower available outside program)
- Exact follow form available - duplicates the coverage provided by primary pool.
- “Nose” coverage included for members currently insured on a claims made form; eliminates need for “tail” coverage
- Potential return of up to 45% of monies paid to the Program via Dividend and profit Sharing features.





# **NPX<sup>®</sup> Liability Program - Helping UACIM Compete**

- **Higher Limits**
- **Aggregate Limits**
- **Liquor Liability**
- **Pollution Liability**
- **Employment Practices Liability**
- **Medical Professional Liability**
- **Condemnation/Inverse Condemnation**





# NPX<sup>®</sup>/PEPIP USA Property Program

## • COVERAGE

- Elimination of many sub-limits
- Increase in remaining sub-limits
- One policy form - increased efficiency
- Utilization of the most comprehensive form for all members

## • STABILITY

- Program size (premium dollars)
- Geographical spread of risk
- Spread of exposure risk





# Property Limits And Coverages

## Limits:

\$500,000,000

Per Occurrence “All Risk”

## Sub Limits:

\$100,000,000

Flood - Per Occurrence and Annual Aggregate. All Coverages, including Flood Zone A

\$100,000,000

Earthquake Shock Per Occurrence and Annual Aggregate All Coverages





# Property Limits And Coverages

## Sub Limits Continued:

\$100,000,000	Combined Business Interruption Extra Expense and Rental Income Tax Interruption available if values reported
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# Property Limits And Coverages

## Sub Limits Continued:

\$25,000,000

Miscellaneous Unnamed Locations and Automatic Acquisition as respects existing members including Earthquake and Flood.

\$50,000,000

Errors and Omissions

\$50,000,000

Landscaping, tees, sand traps, greens and athletic fields





# Property Limits And Coverages

## Sub Limits Continued:

\$25,000,000

Course of Construction for additions or modifications for project values not to exceed \$25,000,000

\$100,000,000

Demolition and Increased Cost of Construction due to the enforcement of building codes

\$10,000,000

Unscheduled Fine Arts





# Property Limits And Coverages

## Sub Limits Continued:

\$ 1,000,000	Animals, except \$100,000 for Specially Trained Animals
\$ 500,000	Accidental Contamination
\$ 10,000,000	Transit





# Property Limits And Coverages

## Sub Limits Continued:

\$ 5,000,000	Contingent business interrupted including extra expense resulting from a covered peril at non-owned/operated locations
\$ 5,000,000	Contingent business interruption resulting from a covered peril at non-owned/operated power generating facilities





# **NPX<sup>®</sup> /PEPIP Property Program - Helping UACIM Compete**

- **Blanket Limits**
- **No Coinsurance**
- **High Extra Expense Limits**
- **High Law & Ordinance Limits**
- **Flood coverage available including Zone A**
- **Earthquake coverage available**





*Robert  
(J. Driver)  
Lonsberry*

Thank You for your time  
and consideration





Gasoline, diesel prices will soar even higher in coming months. Motorists in many areas along the East and West coasts and in the Midwest will see gas prices hit \$2/gal. within a month. \$3/gal. in San Francisco and Chicago, where pump prices are already hurdling the \$2/gal. mark. Some independent stations in the Midwest may run out of gas at times. Diesel jumping another 20¢/gal. from current nat'l average of \$1.44/gal.

Steeper insurance costs for businesses rest of the year and next as insurers make up for years of cutthroat price slashing in the '90s. Double-digit hikes likely for commercial property, auto, workers' comp. Trend will be accelerated by rising class-action suits and higher prices shelled out by insurance firms to reinsurers for their own coverage.

Worse than usual summer wildfire threat in Southeast, Northwest. Florida may see more fires...exceptionally low rainfall so far this year. Ala., Ga., Ky., N.C. and Va. are also going on a heightened fire alert. Ditto for western Mont., Idaho and eastern Wash. and Ore., where snowpack is 50%-70% below average...too low for spring rains to offset fire hazard.

Fewer but more-damaging hurricanes are likely this season. Look for six storms of hurricane strength, down from an average of eight in the past six years. But unlike past years, a ridge of high pressure in the Northeast won't form this year. That will allow more hurricanes to travel farther up along the East Coast and hit more populated areas.

Congress will boost spending on national parks again this year. Bush wants a \$334-million increase to make good on a campaign pledge, but Congress will stop well short of that. Among parks in line for hikes: Yellowstone; Acadia in Maine; Padre Island, Texas; Channel Islands, Calif. Plus millions for Everglades restoration, a multiyear project OK'd in '00.

Compromise on off-road-vehicle use. Gov't will settle lawsuits that challenge a ban on snowmobiles and restrictions on swamp buggies. Parts of Yellowstone, Alaska's Denali, Florida's Big Cypress Preserve will be opened to off-road users. GOPers in Congress have threatened to nullify the restrictions, but there's little enthusiasm for that.

Nation's aging waterworks will get a patching from Uncle Sam. Odds are Congress soon will OK billions to upgrade water infrastructure. And reconfigure the fed'l State Revolving Loan Funds, allowing states to join EPA in making direct grants to communities for water projects. Smaller, more-efficient point-of-use and point-of-consumption water plants likely will gain in coming years...replacing older, centralized behemoths.

New clean-water technology on tap. More water treatment plants switching to membrane filters that can catch microscopic contaminants. Also ultraviolet radiation for disinfecting...a substitute for chlorine. Plus a process from Calgon to remove nitrates, other chemicals from water.

Politics: Hispanics will increase their ranks on Capitol Hill after next year's elections, reflecting substantial population growth. And redistricting may help Hispanics gain congressional seats in Calif., Nev., Ariz., Texas and Fla. Also, possibly in Ill., N.Y., N.C. and Ga. Will put a brighter spotlight on immigration reform, job training programs, bilingual education, child care and other issues important to Hispanics.

Bush will appeal to Hispanic voters, attempt to break the lock that Democrats have had on Hispanic votes. Roughly 80% go to Democrats. He'll pay attention to Hispanic concerns, host Spanish-speaking events at the White House. Still not likely to put much of a dent in Dems' hold.





# How to be a terrible leader

Leading a team poorly is at least as difficult as leading a team well. After all, you don't become a failure overnight — it takes hard work and practice. You have to really *try* to be the worst you can be.

So, if you want to alienate your team members and stall your career, follow these rules:

- **Never take risks.** What could you possibly gain by rocking the boat? People who take risks put everything on the line as they strive to reach new heights. Why bother? If you go the extra mile with a teammate or customer, you only increase your chances of making an error.

- **Don't let emotions show** — particularly your enthusiasm. Don't let your work get to you. After all, it's only a job. It's not supposed to be fun. Avoid showing your concern for your work or your teammates at all costs.

- **Always have an excuse ready.** At first, you may find yourself taking responsibility when things go wrong. But with practice, you can avoid taking blame for anything.

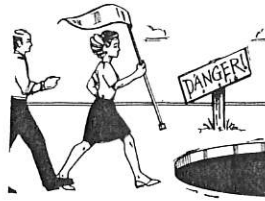
Start with: "Maybe things would go better if I could get a little help around here." Then move on to: "How was I supposed to know? Nobody ever tells me anything."

- **Point out team members' faults.** Only by criticizing others can you maintain your status. Study how your team members perform and analyze their flaws. Be as scathing and biting as possible when you do.

- **Avoid professional development.** Let's face it. You've come this far on your own merit. Why strive to learn more? Beware of reading materials and workshops that could make you more productive. And discourage your team members from taking part in these programs. You don't want to wind up with a bunch of problem-solvers who'll question your authority.

Certainly, you can probably think of more ways to be a horrible team leader. But we guarantee that if you follow these simple rules, you'll be a complete failure before you know it!

— Adapted from *Indispensable You*, David Dee, Dartnell, 4660 N. Ravenswood Ave., Chicago, IL 60640.



## 'Don't mess with my \$50'

To design a great pay-for-performance system for your team, follow the example of Turner Brothers Trucking Co., based in Houston. After pinpointing unsafe driving as a financial drain on the company, managers decided that a pay-for-performance system was a must, and safety was the place to start.

The managers held a meeting with Turner's 25 employees (truck drivers, crane operators, and field supervisors). They put a check for \$1,250 on the table and told the workers, "If we have less than \$300 total losses this month from injuries, cargo damage, and driver accidents, the check is yours to divide equally — everybody goes home with \$50."

Managers didn't tell team members how to accomplish safety goals, but they

did provide four general guidelines:

1. **Personal safety:** Don't have an accident yourself. If you do, it costs everyone \$50.

2. **Awareness:** If you see an unsafe act — speak up! Tell the other person, "Don't mess with my \$50."

3. **Self-control:** Don't lose your temper if someone says to you, "Don't mess with my \$50."

4. **Teamwork:** Cooperation benefits everyone. Work as a team to earn the \$50.

The program has been a resounding success. The company estimates that for every dollar it spends on bonuses, it saves four dollars in workers' compensation and insurance claims.

— Adapted from *Management Ideas And Actions*, W. Jack Duncan. Oxford University Press, 198 Madison Ave., NY 10016.

## Improving Performance

When your team's on a tight deadline, recommend adopting a "two-minute rule" to speed things up. Agree that when someone gets stuck on a problem, she shouldn't spend more than two minutes trying to solve it before she asks for help.

Customize the rule to fit the kind of work you do. A 10-minute or a one-hour rule might be more realistic for your team.

— Adapted from *TeamLeader*, 747 Dresher Rd., Horscham, PA 19044.

Leaders often call meetings when productivity is down. But think how much more useful it would be to call a meeting when your team's operating at its peak. Instead of the demoralizing questions posed at most productivity meetings — "What went wrong?" "Why are the numbers so low?" — you could ask these energizing questions:

- "What are we doing that's allowed us to increase productivity so much?"

- "What can we do to continue this trend?"

- "What can I do, as team leader, to help you continue this trend?"

— Adapted from *Enlightened Leadership*, Ed Oakley and Doug Krug. Simon & Schuster, 1230 Ave. of the Americas, NY 10020.

You're coaching a team member to help improve his performance. But how can you be sure he intends to follow your advice? Watch for these two warning signs that the person isn't deeply committed:

- **He agrees to the change immediately.** Remember: Most people don't change without *some* resistance.

- **He shows no emotion about your suggestion.** If he remains stone-faced, then he's not seriously considering your comments.

— Adapted from *The Breakthrough Team Player*, Andrew DuBrin. AMACOM, 1601 Broadway, NY 10019.







# **Utah Association of Counties Insurance Mutual**

**Broker Services  
Presentation  
May 17, 2001**







## Arthur J. Gallagher & Co.

We are:

- Started 1927
- Revenues reached \$740,596,000 in 2000
- 4th largest broker in U.S.
- 4th largest broker in world
- 5,201 employees
- International offices in London, Singapore, Scotland, Bermuda, Canada, Australia, Papua, and New Guinea
- Thirty-two years of self-insurance experience
- Leading provider of Risk Management Services to Public Agencies in the United States

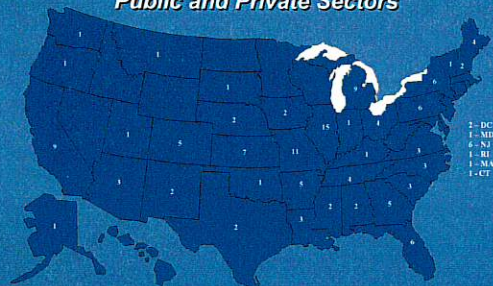
what about efficiency

competitor



## Utah Association of Counties Insurance Mutual

Location of AJGCo. Pool Clients  
Public and Private Sectors



not to strong in west



## Utah Association of Counties Insurance Mutual

County Pool Clients

- Arizona Counties (3)
- Kansas Counties (2)
- Louisiana Counties
- Ohio Counties
- New Mexico Counties (2)
- Missouri Counties
- Iowa Counties
- Montana Counties
- Utah Counties








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- Utah Association of Counties Insurance Mutual**
- Evolution of the Program Operational Changes*
- Allocation Formula
  - Membership Agreement
  - Claims Administration (AON to McLaren's)
  - Development of UACIM's Coverage document
  - Bond Program
  - Tulip Program
  - Airport Liability
  - Nurses Liability

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- Utah Association of Counties Insurance Mutual**
- Evolution of the Program Structural Changes*
- Loss fund reduced from \$2,350,000 to \$1,475,000 in 1996
  - Higher limit excess of self-insured retention
  - Excess liability (higher limits provided by UACIM)
  - Separate aggregate limits for General Liability, Public Officials, and Law Enforcement
  - One self-insured retention
  - Combined UAC, UACIM, and MCAT under one D&O/E&O policy

*Shows progress in losses how was this accomplished*

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## Utah Association of Counties Insurance Mutual

### Evolution of the Program Coverage Enhancements

Description	1995	2001
Property Limit	\$50,000,000	\$250,000,000
Flood	\$10,000,000	\$20,000,000
Earthquake	\$10,000,000	\$20,000,000
Builders Risk	\$1,000,000	\$5,000,000
Pollutant Clean-up	None	\$250,000
Boiler & Machinery	None	\$50,000,000
Excess Liability	\$1,000,000 Total Limit	\$1,250,000/\$3,250,000 per member
Sexual Abuse/Molestation	Excluded	Silent
Discrimination	Excluded	Silent
Attorney's Professional (D&O)	Not Covered	Covered



## Utah Association of Counties Insurance Mutual

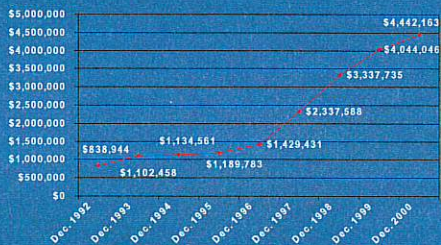
### Evolution of the Program Results

- Surplus increased from \$1,189,783 (1995) to \$4,442,163 (2000)
- Retirement of over \$600,000 in debt and interest
- Membership increased from 22 to 25 counties
- More programs available to counties
- Broader coverage
- Higher limits



## Utah Association of Counties Insurance Mutual

### Annual Surplus



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*How did you do this*

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*rising surplus does it come from premiums*

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## Utah Association of Counties Insurance Mutual

### *Broker Service Plan 2002-2004*

- Equity Distribution
  - Part I Establish Surplus
  - Part II Equity Distribution Formula
- Revisions to Coverage Agreement
- Special Service Districts Program
- County Reinsurance Limited (CRL)
- Workers' Compensation/Major Medical Pools

what can we do to get insurance for these districts



## Utah Association of Counties Insurance Mutual

### *Equity Distribution*

#### (A) Part One – Establish Surplus & Retained Equity Positions

Pools (Mutuals) need a certain amount of surplus (reserve funds) to operate efficiently. The Board, using proven methods, should determine the appropriate amount or range to be maintained.

#### (B) Part Two – Equity Distribution Methods & Formulas

Fund amounts that exceed the selected range can be returned to members in a number of ways, but how should the Mutual process it's returns? Credits? Loss Control Funds? Moreover, what is the formula per member for return of equity?



## Utah Association of Counties Insurance Mutual

### *Revisions of Coverage Agreement*

The Current Coverage Agreement (based upon the New Mexico Counties Coverage Document) has served the Mutual well, but it is overdue for a review. In fact, the document it was based upon has been updated and many of the improvements and clarifications should apply to the UACIM agreement.







## Utah Association of Counties Insurance Mutual

### *County Reinsurance Limited (CRL)*

CRL is a captive insurance company (a pool of pools) formed in 1997 to provide County Association insurance pools (and Mutuals) with a cost effective alternative to the insurance marketplace. It offers the Mutual many of the same advantages the Mutual provides to it's member counties.

I expect the mutual to make  
a profit.



## Utah Association of Counties Insurance Mutual

### *Special Service Districts*

Special Service Districts or special districts continue to present a "problem" to County Commissioners in Utah (as well as other Southwestern States). Is there a cost effective solution to provide insurance inside or better yet outside the Mutual to transfer the risk of these agencies when they are independent of the "parent" County?



## Utah Association of Counties Insurance Mutual

### *Workers' Compensation/Medical Benefits Pools*

Counties in many states have formed pools for Workers' Compensation coverage as well as Medical Benefits. Depending upon market conditions, UACIM should be prepared to quickly and effectively form and implement a pool (or pools) for these problematic and costly insurance programs.

